

FINAL BILL REPORT

SSB 5176

C 92 L 23

Synopsis as Enacted

Brief Description: Concerning unemployment insurance benefits for officers of employee-owned cooperatives.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Stanford, Billig, Keiser and Van De Wege).

Senate Committee on Labor & Commerce
House Committee on Labor & Workplace Standards

Background: General. An unemployed individual is eligible to receive unemployment insurance (UI) benefits under certain circumstances.

Unemployment Insurance Coverage for Corporate Officers. Generally, corporate officers appointed under the Washington Business Corporations Act are automatically exempt from UI coverage unless the employer corporation specifically elects to cover all of them (opt in). A corporate employer not opting in must provide written notice to the corporate officers that they are ineligible for UI benefits. Employee cooperative corporations appoint their corporate officers under this act, and their officers are exempt from UI coverage unless the employer opts in. Cooperative associations and limited cooperative associations do not appoint their corporate officers under the act, and their officers are covered for UI.

Unemployed Definition. An individual is generally considered unemployed in any week during which the individual performs no services and with respect to which no remuneration is payable to the individual.

Special Rules for Certain Corporate Officers. A covered officer of a corporation—when the corporation opted in, who owns 10 percent or more of the corporate stock, must meet special requirements to be considered unemployed and therefore eligible for UI benefits. The covered officer is considered unemployed in any week upon dissolution of the corporation or if the officer permanently resigns or is permanently removed from their appointment and responsibilities with that corporation, or if the corporate officer's covered

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base year wages with that corporation are less than 25 percent of the officer's total covered base year wages. The special requirements apply to covered officers of employee cooperatives and cooperative associations, because they are defined as corporations. The special requirements do not apply to covered officers of limited cooperative associations, because they are defined as unincorporated associations.

Summary: Special Rules Inapplicable. The special rules for certain officers to be unemployed for UI purposes does not apply to officers of employee cooperative corporations, cooperative associations, and limited cooperative associations, if covered for UI purposes. These officers, when covered for UI, will not be considered to be performing services for the purposes of the definition of unemployed by acting only as a officer.

Votes on Final Passage:

Senate 48 0

House 98 0

Effective: January 1, 2024